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BROCKMAN
BROCKMAN MINING LIMITED
布萊克萬礦業有限公司*
(incorporated in Bermuda with limited liability)
(SEHK Stock Code: 159)
(ASX Stock Code: BCK)

SUBSCRIPTION OF SHARES BY THE SUBSCRIBERS
AND
CONNECTED TRANSACTION — SUBSCRIPTION OF SHARES
BY OCEAN LINE

SUBSCRIPTION OF SHARES BY SUBSCRIBERS

On 6 December 2017, the Company and the Subscribers entered into the two Subscription Agreements pursuant to which the Company agreed to issue and the Subscribers agreed to subscribe for an aggregate of 130,000,000 Shares at an aggregate consideration of HK\$13,000,000. The subscription consideration shall be settled by cash.

SUBSCRIPTION OF SHARES BY OCEAN LINE

On 6 December 2017, the Company and Ocean Line entered into the OL Subscription Agreement pursuant to which the Company agreed to issue and Ocean Line agreed to subscribe for 650,000,000 Shares at an aggregate consideration of HK\$65,000,000. The OL Consideration shall be settled by cash and by the set-off of the outstanding Loan and the relevant accrued interests.

GENERAL

Ocean Line is a substantial shareholder of the Company and is therefore a connected person of the Company. As such, the OL Subscription constitutes a connected transaction for the Company subject to Independent Shareholders' approval under Chapter 14A of the Listing Rules. The Company will seek Independent Shareholders' approval for the OL Subscription as well as the Subscriptions. The Company will establish the Independent Board Committee and will appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders respectively in respect of the OL Subscription.

* For identification purpose only

An SGM will be held to consider and if thought fit pass resolutions to approve the Subscriptions and the OL Subscription. China Guoyin and its associates are required to abstain from voting in respect of the resolution in relation to the CG Subscription while Ocean Line and its associates are required to abstain from voting in respect of the resolution in relation to the OL Subscription. The Company will issue a circular (including the respective letters of advice from the Independent Board Committee and the independent financial adviser in relation to the OL Subscription) as soon as possible on or before 29 December 2017, setting out details of the Subscriptions and the OL Subscription and the notice of the SGM to Shareholders.

SUBSCRIPTION OF SHARES BY THE SUBSCRIBERS

On 6 December 2017, the Company and the Subscribers have entered into two Subscription Agreements pursuant to which the Company agreed to issue and the Subscribers agreed to subscribe for the Subscription Shares at an aggregate consideration of HK\$13,000,000.

Details of the Subscription Agreements are as below:

Parties

	No. of Subscription Shares	Consideration
Subscribers		
China Guoyin	50,000,000	HK\$5,000,000
Duofu	<u>80,000,000</u>	<u>HK\$8,000,000</u>
	130,000,000	HK\$13,000,000

As at the date of this announcement, China Guoyin and its associates hold 364,904,972 Shares, representing approximately 4.35% of the entire issued share capital of the Company. Mr. Liu Zhengui, a non-executive Director and Vice Chairman of the Company, is a director of a company controlled by the beneficial owner of China Guoyin. Save as the aforesaid, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Subscribers and their ultimate beneficial owners are third parties independent of the Company and its connected persons.

Number of Subscription Shares

The Subscribers will subscribe for an aggregate of 130,000,000 new Shares (with an aggregate nominal value of HK\$13,000,000), representing (1) approximately 1.55% of the issued share capital of the Company as at the date of this announcement; and (2) approximately 1.53% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares; and (3) approximately 1.42% of the issued share capital of the Company as enlarged by the allotment and issue of both of the Subscription Shares and OL Subscription Shares.

Ranking of the Subscription Shares

The Subscription Shares, when allotted and issued, will rank equally in all respects with the Shares in issue.

Subscription Price

The Subscription Price is HK\$0.10 per Subscription Share which represents:

- (1) a discount of approximately 18.7% to the closing price of HK\$0.123 per Share as quoted on the Stock Exchange on 6 December 2017, being the date of the Subscription Agreements;
- (2) a discount of approximately 16.1% to the average closing price per Share of approximately HK\$0.1192 as quoted on the Stock Exchange for the last five consecutive trading days up to and including 5 December 2017, being the last trading day prior to the date of the Subscription Agreements; and
- (3) a premium of 80.5% to the audited consolidated net assets value of the Group as of 30 June 2017.

The Subscription Price was determined on an arm's length basis between the parties with reference to the prevailing market price and the recent trading volume of the Shares and the net asset value of the Company. The Directors (including the independent non-executive Directors) consider that the terms of the Subscriptions are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The consideration for the Subscriptions shall be settled by cash.

Conditions of the Subscriptions

Completions of the Subscriptions are conditional upon the following conditions being satisfied (or waived as applicable) by 6:00 p.m. on 30 March 2018 (or such other date as the Company and the respective Subscribers may agree in writing):

- (1) there being no breach of the warranties given by the Company under the Subscription Agreements;

- (2) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Subscription Shares;
- (3) the passing by the Independent Shareholders at the SGM of the relevant resolution approving the Subscription Agreements and the transactions contemplated thereunder; and
- (4) there being (from the date of the Subscription Agreements up till the time immediately prior to the Subscription Completion Date) no material adverse change in the financial position and trading prospects of the Group and no event which has or could reasonably be expected to have a material adverse effect on the Group to the reasonable satisfaction of the respective Subscribers.

The Subscribers are entitled to waive the satisfaction of conditions (1) and (4) above.

Completion of the Subscriptions

Completions shall take place on the Subscription Completion Date.

SUBSCRIPTION OF SHARES BY OCEAN LINE

On 6 December 2017, the Company and Ocean Line entered into the OL Subscription Agreement pursuant to which the Company agreed to issue and Ocean Line agreed to subscribe for the OL Subscription Shares at an aggregate consideration of HK\$65,000,000.

Parties

- (1) Subscriber: Ocean Line Holdings Limited
- (2) Issuer: the Company

As at the date of this announcement, Ocean Line and OL Associates in aggregate hold 1,837,680,137 Shares, representing approximately 21.92% of the entire issued share capital of the Company. Ocean Line is owned as to 60% by Mr. Kwai and as to 40% by his spouse, Ms. Cheung Wai Fung. Mr. Kwai Kwun, Lawrence, an executive director of the Company and the son of Mr. Kwai, is also interested in 87,658,412 Shares, representing approximately 1.05% of the entire issued share capital of the Company.

Number of OL Subscription Shares

Ocean Line will subscribe for 650,000,000 new Shares (with an aggregate nominal value of HK\$65,000,000), representing (1) approximately 7.75% of the issued share capital of the Company as at the date of this announcement; (2) approximately 7.20% of the issued share capital of

the Company as enlarged by the allotment and issue of the OL Subscription Shares; and (3) approximately 7.09% of the issued share capital of the Company as enlarged by the allotment and issue of both of the OL Subscription Shares and the Subscription Shares.

Ranking of the OL Subscription Shares

The OL Subscription Shares, when allotted and issued, will rank pari passu in all respects with the Shares in issue.

OL Subscription Price

The OL Subscription Price of HK\$0.10 per OL Subscription Share represents:

- (1) a discount of approximately 18.7% to the closing price of HK\$0.123 per Share as quoted on the Stock Exchange on 6 December 2017, being the date of the OL Subscription Agreement;
- (2) a discount of approximately 16.1% to the average closing price per Share of approximately HK\$0.1192 as quoted on the Stock Exchange for the last five consecutive trading days up to and including 5 December 2017, being the last trading day prior to the date of the OL Subscription Agreement; and
- (3) a premium of 80.5% to the audited consolidated net assets value of the Group as of 30 June 2017.

The OL Subscription Price was determined on an arm's length basis between the parties with reference to the prevailing market price and the recent trading volume of the Shares and the net asset value of the Company. The Directors (excluding the independent non-executive Directors who will express their opinion after taking into consideration the advice of the independent financial adviser to be appointed by the Company) consider that the terms of the OL Subscription are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The OL Consideration shall be settled as to approximately HK\$19,000,000 by cash and approximately HK\$46,000,000 by the set-off of the outstanding Loan and the relevant accrued interests.

Conditions of the OL Subscription

Completion of the OL Subscription is conditional upon the following conditions being satisfied (or waived as applicable) by 6:00 p.m. on 30 March 2018 (or such other date as the Company and Ocean Line may agree in writing):

- (1) there being no breach of the warranties given by the Company under the OL Subscription Agreement;
- (2) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the OL Subscription Shares;

- (3) the passing by the Independent Shareholders at the SGM of the resolution approving the OL Subscription Agreement and the transactions contemplated thereunder;
- (4) there being (from the date of the OL Subscription Agreement up till the time immediately prior to the OL Subscription Completion Date) no material adverse change in the financial position and trading prospects of the Group and no event which has or could reasonably be expected to have a material adverse effect on the Group to the reasonable satisfaction of Ocean Line; and
- (5) Ocean Line having obtained all regulatory consents or approvals required from, or no objections from, the Australian Government in respect of the transactions contemplated under the OL Subscription Agreement (including the issue of the OL Subscription Shares) in accordance with the Foreign Acquisitions and Takeovers Act 1975 (Cth) and/or the Federal Government's foreign investment policy, provided that if any such approval (or no objection) is given subject to conditions or requirements, this condition precedent is not fulfilled unless those conditions or requirements are acceptable to Ocean Line (acting reasonably).

Ocean Line is entitled to waive the satisfaction of conditions (1) and (4) above.

Completion of the OL Subscription

Completion shall take place on the OL Subscription Completion Date.

SPECIFIC MANDATES

The Subscription Shares and the OL Subscription Shares will be issued under specific mandates to be approved by the Independent Shareholders at the SGM.

LISTING APPLICATION

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares and the OL Subscription Shares. The Company will apply for quotation of the Subscription Shares and the OL Subscription Shares on the ASX once they have been allotted.

USE OF PROCEEDS

The aggregate gross proceeds and net proceeds from the Subscriptions and the OL Subscription will be approximately HK\$32,000,000 and HK\$31,500,000 respectively (net of the amount to be set-off by the Loan and the accrued interests of approximately HK\$46,000,000). The net proceeds will be used for the general working capital of the Group. The net issue price per Subscription Share and OL Subscription Shares is approximately HK\$0.099.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Group is in need of cash to maintain the general working capital. The Company is also indebted to Ocean Line the Loan and accrued interests. Upon completion of the Subscriptions and OL Subscription, the Group's liquidity position and the capital base will further be strengthened and it is not necessary to bear the interest expenses and the repayment obligation of the Loan.

INFORMATION ON THE GROUP, CHINA GUOYIN AND OCEAN LINE

The Group is principally engaged in the development and exploration of iron ore mining projects in Western Australia.

China Guoyin and Duofu are investment holding companies holding, among others, securities investments.

Ocean Line is a multinational conglomerate with shipping business as its strategic focus. It is one of the largest privately owned shipping companies in Hong Kong. It wholly owns, operates and manages a fleet of vessels with total deadweight tonnage of 3 million metric tonnes operating worldwide. In addition, Ocean Line invests in infrastructures and operates other shipping related businesses including ports, terminals and warehouses. Ocean Line also invests in hotel business.

SHAREHOLDING TABLE

	As at the date of this announcement		After completion of the Subscriptions (but before completion of the OL Subscription and absent of any other changes)		After completion of the OL Subscription (but before completion of the Subscriptions and absent of any other changes)		After completion of both CG Subscription and the Subscriptions (absent of any other changes)	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Ocean Line and its associates <i>(note)</i>	1,837,680,137	21.92%	1,837,680,137	21.59%	2,487,680,137	27.55%	2,487,680,137	27.16%
Mr. Kwai Kwun Lawrence	87,658,412	1.05%	87,658,412	1.03%	87,658,412	0.97%	87,658,412	0.96%
Mr. Colin Paterson	60,798,446	0.73%	60,798,446	0.71%	60,798,446	0.67%	60,798,446	0.66%
Mr. Ross Stewart Norgard	243,054,000	2.90%	243,054,000	2.86%	243,054,000	2.69%	243,054,000	2.65%
Mr. Yap Fat Suan Henry	400,000	0.00%	400,000	0.00%	400,000	0.00%	400,000	0.00%
	<u>2,229,590,995</u>	<u>26.60%</u>	<u>2,229,590,995</u>	<u>26.19%</u>	<u>2,879,590,995</u>	<u>31.88%</u>	<u>2,879,590,995</u>	<u>31.43%</u>
Subscribers								
China Guoyin	364,904,972	4.35%	414,904,972	4.87%	364,904,972	4.04%	414,904,972	4.53%
Duofu	—	—	80,000,000	0.94%	—	0.00%	80,000,000	0.87%
Other public shareholders	<u>5,787,486,164</u>	<u>69.05%</u>	<u>5,787,486,164</u>	<u>68.00%</u>	<u>5,787,486,164</u>	<u>64.08%</u>	<u>5,787,486,164</u>	<u>63.17%</u>
	<u><u>8,381,982,131</u></u>	<u><u>100.00%</u></u>	<u><u>8,511,982,131</u></u>	<u><u>100.00%</u></u>	<u><u>9,031,982,131</u></u>	<u><u>100.00%</u></u>	<u><u>9,161,982,131</u></u>	<u><u>100.00%</u></u>

Note:

1,776,960,137 Share are held by Ocean Line, and 60,720,000 Shares are jointly held by Mr. Kwai and his spouse.

FUND RAISING IN THE PAST 12 MONTHS

The Company has not undertaken any fund-raising activity in the past 12 months.

GENERAL

Ocean Line is a substantial shareholder of the Company and is therefore a connected person of the Company. As such, the OL Subscription constitutes a connected transaction for the Company subject to Independent Shareholders' approval pursuant to the requirements of Chapter 14A of the Listing Rules. The Company will seek Independent Shareholders' approval for the OL Subscription as well as the Subscriptions. The Company will establish the Independent Board Committee and will appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders respectively in respect of the OL Subscription.

An SGM will be held to consider and if thought fit, pass resolutions to approve the Subscriptions and the OL Subscription. Ocean Line, OL Associates, and Mr. Kwai Kwun Lawrence, who in aggregate hold 1,925,338,549 Shares (approximately 22.97% of the entire issued share capital of the Company) as at the date of this announcement are required to abstain from voting in respect of the resolution in relation to the OL Subscription. China Guoyin and its associates who in aggregate hold 364,904,972 Shares (approximately 4.35% of the entire issued share capital of the Company) as at the date of this announcement is interested in the CG Subscription and is therefore required to abstain from voting in respect of the resolution in relation to the CG Subscription.

The Company will issue a circular as soon as possible on or before 29 December 2017, setting out details of the Subscriptions and the OL Subscription, the respective letters of advice from the Independent Board Committee and the independent financial adviser in relation to the OL Subscription and the notice of the SGM to the Shareholders.

DEFINITIONS

The following expressions in this announcement have the meanings set out below unless the context requires otherwise:

“ASX”	ASX Limited (trading as the Australian Securities Exchange)
“Board”	the board of Directors

“Business Day”	a day (not being a Saturday, Sunday and public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“CG Subscription”	the subscription of the CG Subscription Shares by China Guoyin pursuant to the CG Subscription Agreement
“CG Subscription Agreement”	the subscription agreement entered into between the Company and China Guoyin on 6 December 2017
“China Guoyin”	China Guoyin Investments (HK) Ltd
“Company”	Brockman Mining Limited, the shares of which are dually listed on the Stock Exchange and ASX
“Director(s)”	the director(s) of the Company
“Duofu”	Duofu Holdings Group Co., Limited
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Board Committee”	the independent board committee to be established by the Company to consider the OL Subscription
“Independent Shareholders”	holders of Shares other than China Guoyin and its associates for the purposes of the CG Subscription or holders of Shares other than Ocean Line and its associates for the purposes of the OL Subscription (as applicable)
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Loan”	the loan of principal amount of USD5,130,000 (approximately HK\$40,000,000) granted by Ocean Line on 20 September 2016, bearing interest of 12% per annum
“Mr. Kwai”	Mr. Kwai Sze Hoi, the Chairman and an non-executive director of the Company
“Ocean Line”	Ocean Line Holdings Limited

“OL Associates”	including Mr. Kwai and his spouse, Ms. Cheung Wai Fung
“OL Consideration”	the consideration of OL Subscription
“OL Subscription”	the subscription of the OL Subscription Shares by Ocean Line pursuant to the OL Subscription Agreement
“OL Subscription Agreement”	the subscription agreement entered into between the Company and Ocean Line on 6 December 2017
“OL Subscription Completion Date”	the third Business Day after the fulfillment (or waiver as applicable) of the conditions set out in the OL Subscription Agreement or such other date as may be agreed in writing by the Company and Ocean Line
“OL Subscription Price”	the price at which each OL Subscription Share will be issued, being HK\$0.10 per OL Subscription Share
“OL Subscription Share(s)”	the 650,000,000 new Shares to be issued under the OL Subscription
“SGM”	the special general meeting to be convened and held by the Company in relation to the Subscriptions and the OL Subscription
“Shareholder(s)”	holder(s) of any Share(s)
“Share(s)”	ordinary shares of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	China Guoyin and Duofu
“Subscription Completion Date”	the third Business Day after the fulfillment (or waiver as applicable) of the conditions set out in the Subscription Agreements or such other date as may be agreed in writing by the Company and respective Subscribers
“Subscription Price”	the price at which each Subscription Share will be issued, being HK\$0.10 per Subscription Share
“Subscription Share(s)”	the 130,000,000 new Shares to be issued under the Subscriptions
“Subscriptions”	the subscriptions of an aggregate of 130,000,000 Shares by the Subscribers pursuant to the Subscription Agreements

“Subscription Agreements” the two subscription agreements entered into by the Company and respective Subscribers dated 6 December 2017

By order of the Board
Brockman Mining Limited
Chan Kam Kwan, Jason
Company Secretary

Hong Kong, 6 December 2017

As at the date of this announcement, the Board comprises Mr. Kwai Sze Hoi (Chairman), Mr. Liu Zhengui (Vice Chairman) and Mr. Ross Stewart Norgard as non-executive directors; Mr. Chan Kam Kwan, Jason (Company Secretary), Mr. Kwai Kwun Lawrence and Mr. Colin Paterson as executive directors; and Mr. Yap Fat Suan, Henry, Mr. Uwe Henke Von Parpart and Mr. Choi Yue Chun, Eugene as independent non-executive directors.